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Research 2-1

~~CONFIDENTIAL~~

MEMORANDUM TO: Assistant Director, Research and Reports

13 May 1953

FROM : Chief, D/A

SUBJECT : Proposed external research project to be carried out by the Bureau of Labor Statistics.

1. In order for the Office of Research and Reports to fulfill the objectives of Project O.6 (Structural Analysis of the Soviet Economy) extensive data on the cost (input) structure of United States industries is required.

2. The procedure contemplated for completing Project O.6 is to obtain the cost structures (in terms of input coefficients) of United States industries and to reconcile these with ORR's data on outputs of Soviet industries, consumption by Soviet final consumers (i.e., households, government, military and investment), and estimated Soviet input coefficients for selected products (e.g., electric power, metals, manpower, and petroleum) consumed by various industries in 1951.

3. The assistance of the Bureau of Labor Statistics is required to obtain the United States cost and input data in a form useable to ORR. The Division of Interindustry Studies, Bureau of Labor Statistics, US Department of Labor has spent the last three years compiling, reconciling, and analyzing the cost structure of the 450 industries of the US for 1947. The data are recorded on IBM punch cards. Most of the data were derived from Census reports and because of this the cost structure of these industries is in terms of purchases from establishments which are classified in a given Census category. However, the establishment may, and usually does, make products falling within more than one Census category. Hence the cost structure is distorted by including inputs which are necessary in the production of products properly falling in a different Census category.

4. Since the Office of Research and Reports works primarily on a product basis, it is necessary to convert the BLS compilations from an establishment-industry basis to a product-industry basis. In addition the data must be rearranged into ORR's industrial classification system for O.6. The Division of Interindustry Studies has the data, equipment, and experienced personnel to carry out the machine tabulations that ORR needs. The division can also provide the supervision of professional analysts in performing analytical work in connection with the conversion and reclassification of the data.

5. The end results of the proposed project will be: (1) tabulations of the cost structure in dollars of United States industries on a product basis and in the project O.6 industrial classification system; (2) tabulations of the same cost structure in coefficients; (3) a deck of IBM cards containing the basic data of (1) and (2) above; (4) tabulations of selected physical input information corresponding to the value data in (1) above.

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6. The project will be under the general supervision of Mr. Sidney Jaffee of the Division of Interindustry Studies of the Bureau of Labor Statistics, and will be monitored by [REDACTED] of Analysis Division. The Division of Interindustry Studies will provide the machine tabulation facilities, supervisory and consultative services, and clerical help.

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[REDACTED] under Mr. Jaffee's supervision will perform the analytical studies necessary for converting the BLS data to a product basis.

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[REDACTED] under the supervision of Mr. Jaffee will perform special analyses and tabulations of inputs into consuming industries in physical units for selected products.

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7. The entire project is unclassified.

8. The Bureau of Labor Statistics can start the project as soon as the contract is completed. Although the Bureau of Labor Statistics estimates the project can be completed in five months, a six months contract is recommended.

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APPROVED [REDACTED]

Orie E. Guth
Assistant Director
Research and Reports

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13 May 1953

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